

## 4.8 THE BALANCE BETWEEN MARKETS & INTERVENTION

### Terms & Objectives

#### ≠ TERMS

- ◁ market-oriented policies
- ◁ interventionist policies
- ◁ social safety net
- ◁ governance

#### ≠ OBJECTIVES

### I. STRENGTHS & WEAKNESSES OF MARKET-ORIENTED POLICIES

#### ∅ Strengths

- Discuss the positive outcomes of market-oriented policies (such as liberalized trade and capital flows, privatization and deregulation), including a more efficient allocation of resources and economic growth.

#### ∅ Weaknesses

- Discuss the negative outcomes of market-oriented strategies, including market failure, the development of a dual economy and income inequalities.

### II. STRENGTHS AND WEAKNESSES OF INTERVENTIONIST POLICIES

#### ∅ Strengths

- Discuss the strengths of interventionist policies, including the provision of infrastructure, investment in human capital, the provision of a stable macroeconomic economy and the provision of a social safety net.

#### ∅ Weaknesses

- Discuss the limitations of interventionist policies, including excessive bureaucracy, poor planning and corruption.

#### ∅ Market with Government Intervention

- Explain the importance of good governance in the development process.
- Discuss the view that economic development may best be achieved through a complementary approach, involving a balance of market oriented policies and government intervention.